



THOMAS L. GARTHWAITE, M.D.
Director and Chief Medical Officer

FRED LEAF
Chief Operating Officer

COUNTY OF LOS ANGELES
DEPARTMENT OF HEALTH SERVICES
313 N. Figueroa, Los Angeles, CA 90012
(213) 240-8101

BOARD OF SUPERVISORS

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May 19, 2005

The Honorable Board of Supervisors
County of Los Angeles
383 Kenneth Hahn Hall of Administration
500 West Temple Street
Los Angeles, California 90012

Dear Supervisors:

APPROVAL OF AMENDMENT WITH BLUE CROSS OF CALIFORNIA
(All Districts) (3 Votes)

IT IS RECOMMENDED THAT YOUR BOARD:

Approve and instruct the Director of Health Services, or his designee, to execute amendment No. 3 to the Blue Cross Medi-Cal Managed Care and Healthy Families Program Participating Hospital Agreement No. H-212817 to extend the term effective July 1, 2005 through December 31, 2005, and delegate authority to the Director to extend the term on a month-to-month basis through June 30, 2006, upon written mutual agreement of the parties.

PURPOSE/JUSTIFICATION OF RECOMMENDED ACTION:

Since the inception of this Agreement in July 2001, Blue Cross of California (Blue Cross) has referred its Medi-Cal members and Healthy Families Program members to Department of Health Services (DHS or Department) facilities for the provision of hospital and professional inpatient and outpatient services. The Agreement has provided significant revenue to the Department through increased utilization of DHS facilities.

Implementation of Strategic Plan Goals

The action meets the County's Strategic Plan Goals of Fiscal Responsibility and Organizational Effectiveness by increasing revenue to DHS and increasing the utilization of DHS facilities.

FISCAL IMPACT/FINANCING

Funding is included in the Fiscal Year 2005-06 Proposed Budget. It is difficult to estimate the amount of revenue because it depends on the number of patients served by DHS facilities. The amount of revenue that DHS received during the first three and a half years of the Agreement exceeds 10.0 million dollars.

The Agreement with Blue Cross provides for reimbursement at fee-for-service rates. The reimbursement rates are on file with DHS and are kept confidential in accordance with Health and Safety Code Section 1457. "Specialty Clinic" and "Primary Care Clinic" rates are being added and the revised schedule has been shared with each Board member, the Chief Administrative Officer, and County Counsel.

FACTS AND PROVISIONS/LEGAL REQUIREMENTS:

On July 17, 2001, the Board approved the Agreement and Amendment Nos. 1 and 2 with Blue Cross through June 30, 2005. The Agreement allows Blue Cross to refer its Medi-Cal and Healthy Families Program Members to DHS for hospital and professional inpatient and outpatient services. The care provided is subject to County Code Section 2.76.130, Priority of Admissions.

Background

In 1993, the State adopted a plan requiring certain Medi-Cal beneficiaries to enroll in managed care plans by June 1, 1996. On May 1, 1997, the State implemented its Two-Plan Model for Medi-Cal Managed Care in Los Angeles County. L.A. Care is the State's lead governmental agency for the "Local Initiative". Blue Cross is one of L.A. Care's Plan Partners.

Amendment No. 3

The Amendment extends the term of the Agreement effective July 1, 2005 through December 31, 2005, and delegates authority to the Director to extend the term on a month-to-month basis through June 30, 2006, upon written mutual agreement of both parties. The Amendment also provides for: 1) "Specialty Clinic" and "Primary Care Clinic" rates, 2) a suspension of the appeals process until a new Agreement is negotiated with Blue Cross, and 3) a suspension of the authorization process for non-emergency outpatient clinic visits. Suspending the appeals process means that if Blue Cross does not pay DHS within a specified amount of time they will automatically pay the Department rather than DHS having to appeal the claim. DHS requested that the authorization process be suspended as it is too time-consuming and Blue Cross agreed.

To address the loss of Joint Commission on Accreditation of Healthcare Organizations' (JCAHO) accreditation by Martin L. King, Jr./Drew Medical Center, language is being added to the

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Agreement permitting the suspension of a County Hospital that loses JCAHO accreditation without terminating the Agreement. Once the County Hospital regains JCAHO accreditation, it will be reinstated as a participating hospital in the Blue Cross network. Blue Cross shall reimburse the hospital for inpatient care at the agreed upon rates until a timely transfer is made to another Blue Cross network hospital.

Attachment A provides additional information.

CONTRACTING PROCESS:

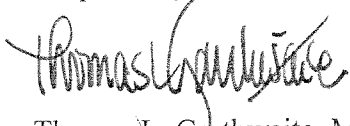
DHS facilities are the service providers under this Agreement, so it is inappropriate to advertise this Amendment on the Los Angeles County Online Website.

IMPACT ON CURRENT SERVICES (OR PROJECTS):

The approval of the Amendment will allow Blue Cross' Medi-Cal and Healthy Families members to utilize DHS facilities and provide revenue to DHS.

When approved, this Department requires three signed copies of the Board's action.

Respectfully submitted,



Thomas L. Garthwaite, M.D.
Director and Chief Medical Officer

TLG:ds

Attachments (2)

c: Chief Administrative Officer
County Counsel
Executive Officer, Board of Supervisors

SUMMARY OF AGREEMENT

1. TYPE OF SERVICE:

The Agreement allows Blue Cross of California to refer its Medi-Cal and Healthy Families Members to Department of Health Services facilities for the provision of hospital and professional inpatient and outpatient services.

2. AGENCY NAME AND CONTACT PERSON:

Blue Cross of California
21555 Oxnard Street, Suite 12D
Los Angeles, CA 90013
Attention: Dennis McKaig, Contracts Manager
Telephone: (818) 234-3291 / Facsimile (Fax): (818) 383-1705

3. TERM:

Agreement H-212817 and Amendment Nos. 1 and 2 were effective July 17, 2001 through June 30, 2005. Amendment No. 3 extends the term through December 31, 2005, with delegated authority to the Director to extend on a month-to-month basis through June 30, 2006, upon written mutual agreement of the parties.

4. FINANCIAL INFORMATION:

County will be reimbursed on a fee-for-service basis.

5. GEOGRAPHIC AREAS SERVED:

All areas.

6. ACCOUNTABLE FOR MONITORING AND EVALUATION:

DHS Facility Administrators

7. APPROVALS:

Clinical and Medical Affairs:	Bruce Chernof, M.D., Director
Contracts and Grants:	Cara O'Neill, Chief
County Counsel:	Robert E. Ragland, Senior Deputy Counsel

BLUE CROSS MEDI-CAL MANAGED CARE AND HEALTHY FAMILIES PROGRAM
PARTICIPATING HOSPITAL AGREEMENT

AMENDMENT NO. 3

THIS AMENDMENT is made and entered into this _____ day
of _____, 2005,

by and between the

COUNTY OF LOS ANGELES
(hereafter "County"),

and

BLUE CROSS OF CALIFORNIA
(hereafter "Blue Cross")

WHEREAS, reference is made to that certain document
entitled "BLUE CROSS MEDI-CAL MANAGED CARE PARTICIPATING
HOSPITAL AGREEMENT WITH COUNTY OF LOS ANGELES DEPARTMENT OF
HEALTH SERVICES", dated July 17, 2001, and further identified as
County Agreement No. H-212817 and all amendments thereto
(hereafter collectively referred to as "Agreement"); and

WHEREAS, L.A. Care Health Plan ("L.A. Care") has been
designated as Los Angeles County's locally created health care
service plan by the County of Los Angeles Board of Supervisors
and is a duly constituted local government agency, created
pursuant to Welfare and Institutions Code sections 14087.38(b)
and 14087.9605 and Los Angeles County Resolution and Ordinance,
for among other purposes, the preservation of traditional and

safety net providers in a Medi-Cal Managed Care environment; and

WHEREAS, L.A. Care is licensed by the Department of Managed Health Care as a health care service plan under the California Knox-Keene Health Care Services Plan Act of 1975 (Health and Safety Code sections 1340 et seq.); and

WHEREAS, pursuant to the provisions of section 1441 et seq., of the Health and Safety Code, County has established and maintains, through its Department of Health Services ("DHS"), various general acute care hospitals (hereafter "Hospitals"); and

WHEREAS, the Medi-Cal Managed Care Program is administered on a state-wide basis by the State Department of Health Services ("SDHS"), and locally by L.A. Care; and

WHEREAS, Blue Cross is a California corporation organized to provide or arrange for health care services on a prepaid basis; and

WHEREAS, Blue Cross is licensed under the California Knox-Keene Health Care Service Plan Act of 1975 (Health and Safety Code section 1340 et seq.) as a full-service health care service plan ("HMO"), to provide, arrange and pay for certain inpatient and outpatient services for Medi-Cal and Healthy Families Program ("HFP") beneficiaries enrolled in the Blue Cross plan; and

WHEREAS, Blue Cross has entered into an Agreement with L.A. Care to provide or arrange for the provision of health care services to L.A. Care enrollees who designate, or are assigned to, Blue Cross as their primary care provider; and

WHEREAS, Blue Cross refers some of its Members to DHS facilities for hospital and professional inpatient and outpatient services on a fee-for-services ("FFS") basis; and

WHEREAS, it is the intent of the parties hereto to amend Agreement to extend its term and to make the changes described hereinafter.

NOW, THEREFORE, the parties hereby agree as follows:

1. This Amendment shall become effective upon Board approval on a month-to-month basis, and shall continue, unless sooner canceled or terminated as provided herein, in full force and effect to and including December 31, 2005.

2. Schedule C shall be replaced by Schedule C-2, attached hereto and incorporated herein by reference.

3. During the extended term (July 1, 2005 through December 31, 2005), County shall receive payment as set forth in Schedule C-2.

4. The term of this Agreement may be extended by Director beyond the stated expiration date of December 31, 2005, on a month-to-month basis not to exceed six months, through June 30,

2006, upon the written mutual agreement of the parties. All provisions of the Agreement in effect on the date the extension commences shall remain in effect for the duration of the extension.

If Director and Blue Cross fail to mutually agree to extend the Agreement on a month-to-month basis as of the expiration date set forth in this Paragraph, then the Agreement shall expire December 31, 2005.

5. Paragraph 2.4, Hospital Licensure and Accreditation, shall be replaced as follows:

"2.4. Hospital Licensure and Accreditation: As a material term of this Agreement, County warrants and represents that its Hospitals are, and further warrants that its Hospitals will continue to be, as long as this Agreement remains in effect, the holders of valid, unrestricted licenses to operate in the State of California. In the event a single County Hospital loses JCAHO accreditation, Blue Cross shall not terminate this Agreement, but may suspend participation of such Hospital in the Blue Cross network until such time Hospital obtains JCAHO accreditation. Upon receipt of renewal of JCAHO accreditation, Hospital will be reinstated as a participating hospital in the Blue Cross network. However,

during the transition of the loss of JCAHO accreditation, Hospital will receive payment for inpatient services up until discharge. Furthermore, for Emergency Room Services and Emergency Room admissions rendered to Blue Cross members at suspended Hospital, Blue Cross shall reimburse hospital in accordance with the rates set forth in Schedule C-2, Compensation Rates.

If a member is admitted to a DHS Hospital that subsequently loses or has lost their accreditation, Blue Cross may arrange a timely transfer to another Blue Cross network hospital for post-stabilization care. If Blue Cross fails to timely transfer the member for post-stabilization care, Blue Cross shall continue to compensate such non-accredited Hospital at the rates set forth in Schedule C-2."

6. During the extended term, Blue Cross shall compensate County according to the same provisions and at the rate(s) specified in the Agreement for inpatient, outpatient, and emergency services in accordance with Schedule C-2, attached hereto and incorporated herein by reference.

7. Except for the changes set forth hereinabove, Agreement shall not be changed in any other respect by this Amendment.

IN WITNESS WHEREOF, the Board of Supervisors of the County of Los Angeles has caused this Amendment to be subscribed by its Director of Health Services, and Blue Cross has caused this Amendment to be authorized in its behalf by its duly authorized officers, the day, month, and year first above written.

COUNTY OF LOS ANGELES

By _____
Thomas L. Garthwaite, M.D.
Director and Chief Medical Officer

BLUE CROSS OF CALIFORNIA

CONTRACTOR

By _____
SIGNATURE

PRINTED NAME

Title _____
(AFFIX CORPORATE SEAL)

APPROVED AS TO FORM
BY THE OFFICE OF THE COUNTY COUNSEL

APPROVED AS TO CONTRACT
ADMINISTRATION

Department of Health Services

By: _____
Cara O'Neill, Chief
Contracts and Grants Division

Bluecrossextension.ds